



Mr Tony Windsor MP
Chair, House Standing Committee on Regional Australia
House of Representatives
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Director
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CRICOS PROVIDER NUMBER 00025B

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Dear Sir

I am writing to provide a submission to the House of Representatives Standing Committee on Regional Australia Inquiry into the use of fly-in, fly-out workforce practices in regional Australia.

The Centre for Social Responsibility in Mining (CSR) is part of the Sustainable Minerals Institute (SMI) at the University of Queensland, a leading research institution dedicated to finding knowledge-based solutions to the sustainability challenges of the Australian and global resources sector. CSR has a track record of research in the broad areas of workforce management and mining-associated communities. This has included conducting fieldwork in the central Queensland coalfields, the Pilbara and far north west Queensland and a long running program of work focused on increasing the representation of Indigenous people and women in the mining workforce.

We welcome the opportunity to contribute to the Parliamentary Inquiry into the use of fly-in fly-out (FIFO) and drive-in drive out (DIDO) workforce practices in Australia. The Inquiry is very timely, given the current level of debate regarding the impacts of FIFO/DIDO workforce practices in regional Australia. It presents a unique opportunity to develop a more coherent approach to understanding the implications of FIFO/DIDO workforce practices in Australia and how they may contribute to prosperity and well-being at both the regional and national level.

Our submission focuses on four particular issues raised by our research that are pertinent to several of the sub-questions identified by the Committee. These issues are:

- The impacts of FIFO/DIDO are multi-faceted and community impacts and responses are locally and contextually driven; any policy response to the growth of FIFO/DIDO must be flexible enough to take account of these different contexts.
- Industry growth and labour requirements cannot be met by residential workforces alone.
- Under the right conditions, FIFO/DIDO can support regional growth. Given the cyclical nature of the resources sector, which is prone to patterns of growth and contraction and variable workforce requirements, it remains unclear how best to maximise this support to enable sustainable regional development.
- FIFO/DIDO employment practices provide workforce choices for workers and their families.

Thank you for this opportunity to provide a submission into this very important inquiry. We look forward to the outcomes of the inquiry and would welcome the opportunity to expand on these comments before the Committee.

Yours sincerely

Professor David Brereton
Director, Centre for Social Responsibility in Mining



THE UNIVERSITY
OF QUEENSLAND
AUSTRALIA

SMI CSRM
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Responsibility in Mining

Submission to the House of Representatives Standing Committee on Regional Australia

Inquiry into the use of fly-in, fly-out workforce practices in regional Australia

October 2011

The **Sustainable Minerals Institute (SMI)** at the University of Queensland works to understand and implement the principles of sustainable development within the global resources industry. The SMI comprises six centres with expertise in; social responsibility, risk and safety, water and energy, minerals processing, mining and geology, and the environment. Due to its multi-disciplinary foundations and extensive academic, business, governmental, and community relationships, SMI is uniquely positioned to undertake leading-practice research into the key development and sustainability challenges associated with resource activity.

The **Centre for Social Responsibility of Mining (CSR**M) within the SMI is committed to improving the social performance of the resources sector by working with mining companies, local communities, governments and NGOs in mining-impacted regions throughout the world. Our commitment to social responsibility in the mining industry is grounded on three key platforms: improving industry social performance, informing government policy and contributing to the development of sustainable communities. CSRM is accordingly well positioned to provide balanced and independent insights into the social and economic impacts, as well as the opportunities and challenges, associated with FIFO/ DIDO practices.

Introduction

Fly-in fly-out (FIFO) operations are those where employees commute long distance to their place of work and lodge in accommodation provided for them by the company at, or near, the operational site. Drive-in drive-out (DIDO) arrangements are generally via private vehicle although may include bus in/bus out (BIBO) by company bus.

The drivers and impacts of FIFO/DIDO work practices are now increasingly understood. This submission contains CSRMs views on the key issues relevant to the Inquiry's Terms of Reference. The views presented here are derived from our research, our close working relationships with the resources industry, communities, and governments, and are informed by our in-depth knowledge of the relevant Australian and international research.

This submission focuses on four particular issues that are pertinent to a number of the sub-questions identified by the Committee. These issues are:

1. The impacts of FIFO/DIDO are multi-faceted and community impacts and responses are locally and contextually driven; any policy response to the growth of FIFO/DIDO must be flexible enough to take account of these different contexts.
2. Industry growth and labour requirements cannot be met by residential workforces alone;
3. Under the right conditions, FIFO/DIDO can support regional growth. Given the cyclical nature of the resources sector, which is prone to patterns of growth and contraction and variable workforce requirements, it remains unclear how to best to maximise this support to enable sustainable regional development;
4. FIFO/DIDO employment practices can provide choices for the mining workforce and their families.

The following comments examine these issues in more detail and suggest potential actions and initiatives to address them.

Defining the scope of FIFO/DIDO work practices

Since its inception as a popular workforce delivery strategy in Australia in the 1980s, FIFO/DIDO has mostly been the domain of the mining, oil and gas sectors. More recently, other service delivery industries such as health, education, police and government have also begun to adopt FIFO/DIDO as a means of workforce delivery into remote or regional centres. As with the resources sector, the drivers for a broader uptake of FIFO/DIDO are the combined factors of labour supply constraints, escalating costs and shortage of housing in the regions, and individual lifestyle choices. To the best of our knowledge, there has been no substantive research to date that has identified the quantum of non-resource sector workers undertaking FIFO/DIDO, the extent of organisational or individual drivers influencing the uptake of FIFO/DIDO by service sector workers, nor whether this is likely to be a long-term workforce delivery solution for these sectors.

Key point:

Further research is required to understand the quantum and implications of uptake of FIFO/DIDO by the services sector into the regions.

Notwithstanding the spread of FIFO to the services sector, the vast majority of the FIFO/DIDO workforce remains employed in the resources sector, hence the remainder of this submission will focus on FIFO/DIDO in respect to the mining and oil and gas industries.

Summary of key points covered in the submission

1. Further research is required to understand the quantum and implications of uptake of FIFO/DIDO by the services sector into the regions.
2. The lack of accurate, specific data about the extent of current and projected FIFO/DIDO practice represents a major structural weakness in terms of formulating policy responses to the use of FIFO workforce practices.
3. A range of contextual factors such as locality, land-use tensions, and the preparedness of organisations to consider the community implications of workforce delivery strategies, can influence the extent of conflict or acceptance of FIFO/DIDO work practices in some communities.
4. There is a growing need for a skilled, mobile workforce that will relocate readily from one project to the next.
5. Ensuring FIFO/DIDO work arrangements do not inhibit Aboriginal employment opportunities requires innovative and flexible work practices.
6. Local infrastructure short-falls can leave companies with little choice but to implement FIFO work arrangements. Opportunities for regional communities to benefit from the current resources boom are being jeopardised by the lack of timely, coordinated and regionally focused planning by all levels of government and industry.
7. The spread of FIFO to regional source-hubs has the potential to facilitate a more equitable distribution of opportunity to Australian communities.
8. FIFO and residential options offer different lifestyle solutions that appeal to different segments of the population.

1. The impacts of FIFO/DIDO are multi-faceted and community impacts and responses are locally and contextually driven

Forms of long distance commuting

As indicated above, FIFO operations are those where employees commute long distances to their place of work and lodge in accommodation provided for them by the company at, or near, the operational site. Increasingly FIFO camps are being co-located with regional communities and in some instances, are being integrated into existing communities. FIFO is one of several forms of long distance commuting used throughout the minerals and oil and gas industries. The main forms of long distance commuting in Australia are FIFO and DIDO, either in private motor vehicles or company supplied buses... Use of these different types of long distance commuting arrangements tend to be regionally specific and contingent on issues such as the remoteness of operation, and its locality relative to major labour supply centres.

The extent of FIFO/DIDO work practices in Australia

Although we know that FIFO/DIDO is practiced extensively throughout resource intensive regions of Australia there is no available data that accurately quantifies the extent of the practice in aggregate form. Nor is there agreement on the formulae by which estimations are derived. For example, one estimate places the FIFO/DIDO workforce across Queensland's Bowen Basin to be in the vicinity of 15 per cent of the total industry workforce in the region, with one particular Central Queensland shire estimated at around 30 per cent. In contrast, estimates of the FIFO workforce in the Pilbara region of Western Australia variously range from 50 per cent to 70 per cent of the total industry workforce, with the higher figure generally regarded as the most likely.

The issues associated with FIFO/DIDO vary significantly and are driven by a combination of:

- regional context;
- government and industry planning practices; and
- the scale and intensity of the practice.

For example, there is general agreement among companies, governments and social commentators that FIFO is the only practical workforce solution for remote mining and oil and gas operations such as those found in the parts of the Pilbara and the Western Desert. More recently housing and infrastructure pressures in regional centres such as Karratha in Western Australia, and Moranbah in Central Queensland, have seen the increasing utilisation of FIFO in communities that have traditionally been predominantly residential.

Key point:

The lack of accurate, specific data about the extent of current and projected FIFO/DIDO practice represents a major structural weakness in terms of formulating policy responses to the use of FIFO workforce practices.

In other operating contexts, however, where there are established country towns or coastal communities within commuting distance of mining operations, the issues are much more complex, and the range of long distance commuting practices more varied. In the case of the Hunter Valley in NSW and Bowen Basin in Queensland, for example, many workers drive in and out from the regional centres of Mackay and Rockhampton, in preference to living in established mining communities such as Moranbah and Blackwater, or bus-in bus-out from other selected locations.

Contextual factors that impact on the likely community acceptance of a FIFO workforce include:

- remoteness of the mining operation from major cities;
- presence of competing industries in the region that may lead to land use conflict;
- preparedness of the industry to consider the long-term implications of workforce delivery strategies and work with communities to achieve innovative and contextually appropriate outcomes; and
- experience of local communities living near, and negotiating with, resource companies.

Key point:

A range of contextual factors, such as locality, land-use tensions, and the preparedness of organisations to consider the community implications of workforce delivery strategies, can influence the extent of conflict or acceptance of FIFO/DIDO work practices in some communities.

The extent to which FIFO operations are used and supported, therefore must vary according to local context. In every case, it is a question of how to get the right balance between FIFO and residential workforces, taking into account the needs and preferences of local communities, resource companies, their employees and their families.

2. Industry growth and labour requirements cannot be met by residential workforces alone

A key message that is sometimes lost in current debates around the impacts of FIFO/DIDO is that industry growth and labour requirements cannot be met by residential workforces alone. This is due to the limited size and availability of the existing labour force and housing stock in the regions, coupled with the attraction and retention challenges faced by resource companies structuring a labour force when many individuals and families do not wish to live in regional or remote areas of Australia.

The current scale of resource development in Australia is likely to result in an increased reliance on FIFO/DIDO work practices as new projects come on stream and current operations struggle to meet their labour demands. The labour shortages throughout the resources sector are well documented at the local, regional and national levels, with current conservative projections estimating a 44 per cent increase in labour requirements over the next 5 years¹.

Labour constraints are particularly acute during development and construction phases, which require the mobilisation of large and diverse workforces, however, the demand for operational labour is no less competitive and companies need to supply their workforce with options that will appeal to a broad cross-section of potential employees.

3. Under the right conditions, FIFO/DIDO can support regional growth. However, given the cyclical nature of the resources sector, uncertain patterns of growth and contraction, and variable workforce requirements, it remains unclear how best to maximise this support to enable sustainable regional development.

FIFO has been the source of much contention across regional Australia – with different impacts being experienced by those communities that host mines and FIFO workforces, those that are the source of FIFO workforces and those that miss out on the opportunity to participate in the economic activity that may accompany mining. Notwithstanding the persistent debates over the so-called “fly-over effect”², and the recent push back that has seen a resurgence in community activism against FIFO in some regions, there is increasing recognition that FIFO is likely to be a permanent feature of workforce delivery for the resources sector.

Key point:

There is a growing need for a skilled, mobile workforce that will relocate readily from one project to the next.

FIFO or hybrid FIFO/residential workforces have the potential to insulate regional communities from the full extent of impacts arising from contraction cycles

¹ May 2011 *Interim report on resources sector skill needs*, Skills Australia

² Storey, Keith. 2001 “Fly-in/Fly-out and Fly-over: mining and regional development in Western Australia” in *Australian Geographer*, Vol. 32, No. 2, pp. 133-148

Australia has had recent experience of the damaging impacts on local communities when there is a contraction in the commodities market and closure or suspension of operations follows. Most recently, the communities of Ravensthorpe and Hopetoun in Western Australia experienced severe social and economic stress following the suspension of BHP Billiton’s Ravensthorpe Nickel Operation. FIFO can play a role in insulating vulnerable regional economies from the full-scale impacts that can flow from a downturn in local minerals activity, whether market-driven or end-of-mine life.

Key point:

Local infrastructure short-falls can leave companies with little choice but to implement FIFO work practices. Opportunities for regional communities to benefit from the current resources boom are being jeopardised by the lack of timely, coordinated and regionally focused planning.

Aboriginal Employment and FIFO

There are continuing debates about the extent to which FIFO inhibits or supports Aboriginal take-up of employment and training opportunities in the resources sector. The reasons for this are three-fold. First, Aboriginal communities that are co-located with resource developments may be particularly vulnerable to the so-called “fly-over effect”. Opportunities to participate in mining employment may be limited by the fact that Aboriginal communities are generally located far away from primary FIFO-source hubs. Second, while inroads have been made into implementing supportive workforce arrangements for Aboriginal people, many mining operations continue to have inflexible employment practices and are often unwilling to consider alternate, locally-based employment pools. Finally, camp accommodation that takes people away from country, support networks and family groups can be socially isolating and discourage Aboriginal people from working in the resources sector.

Conversely, there is evidence that where there is a critical mass and suitable support structures for Aboriginal employees, camp accommodation can have a positive effect on the well-being and sustainability of employment outcomes for Aboriginal workers.

More recently, some resource companies have put in place employment practices that have sought to address these issues. These include; on-site and in-camp mentor programs, flexible recruitment and retention practices, culturally sensitive leave allocations, and all-of-operation cultural training. This increased flexibility has in-part been driven by the need to comply with Indigenous Land Use Agreements (ILUAs), but is also recognises that equitable access to opportunity for Aboriginal peoples requires companies to be more innovative with their employment programs.

Key point:

Ensuring FIFO/DIDO work practices do not inhibit Aboriginal employment opportunities requires innovative and flexible work practices.

Missed opportunities for regional growth

Notwithstanding the volatility of the global economy, Australia is currently experiencing one of the most sustained periods of resource expansion in recent history. Many of the challenges facing communities in mining-intensive regions, such as escalating housing costs (rental and purchase), inadequate or over-stretched infrastructure, and overstretched local government authorities, are limiting potential regional growth opportunities that might otherwise accompany this level of resource activity. Further, inadequate housing and residential land and the long lead time required for residential development approvals processes is creating a context whereby companies have little choice but to implement FIFO/DIDO workforce delivery, even in instances where they may otherwise wish to support a resident workforce.

While many host communities see the lost potential in a non-resident workforce, the fact remains that governments and companies have been unwilling or unable to bear the costs of providing the infrastructure and services necessary to attract and retain resident workforces in many communities and regions. On a more positive note, opportunities to capitalise on investment in FIFO/DIDO camps that are co-located with communities are starting to be explored.

Key point:

The spread of FIFO to regional source-hubs has the potential to facilitate a more equitable distribution of opportunity to Australian communities.

The challenge for governments and local communities is to manage growth at a time of rapid resource industry expansion so that regional communities can capitalise on the current resources growth cycle to promote community sustainability. This requires:

- adequate, timely and shared information, particularly in relation to industry projections in relation to new project developments;
- a co-ordinated, whole-of-government approach to infrastructure development;
- regional rather than community-by-community or operation-by-operation planning responses; and
- a preparedness of all stakeholders to work collaboratively toward sustainable growth outcomes for regional communities.

Regional FIFO hubs present options for spreading the employment opportunities provided by the resources sector

One of the great policy challenges facing Australia is how to ensure the equitable distribution of opportunity and wealth associated with the resources boom.

FIFO has the potential to open up access to employment opportunities via development of regional labour hubs. By FIFO hubs, we are referring to localities that are the provider, or source communities, for FIFO workers. The current growth in the industry's labour requirements, coupled with a simultaneous downturn in other industries, such as tourism and manufacturing and the concomitant availability of workers, has seen the number and locality of FIFO source communities spread into diverse regional centres. In Western Australia, for example, some companies are now drawing their FIFO workforce from communities such as Busselton, Geraldton, Albany, and Onslow. In Queensland, Townsville and Cairns are also significant FIFO hubs.

Mining companies are increasingly diversifying the centres from which they draw their labour pool, with regional FIFO source-hubs set up where there is a critical mass of potential skills. The development of regional FIFO hubs provides a means of spreading employment opportunities beyond mining localities and across regions and even states. This approach, however, may require significant investment (such as upgrading regional airports) and has a potential downside of reducing the available pool from the source communities, thereby depleting workforce availability to other industries (a phenomenon already evident in mining towns). Conversely, the utilisation of regional communities as FIFO-hubs may promote in-migration for people attracted to a combination of the lifestyles in non-mining regional centres and also work in the resources sector. The presence of FIFO or DIDO workforces in host-communities may also contribute to inflationary pressure on housing prices and other goods and services.

The potential of FIFO hubs for regional development is heavily dependent on the local context and on a strategic and coordinated approach from government, mining companies and local communities.

4. Implications of FIFO/DIDO employment practices for individuals and families

FIFO workforce structures provide current and potential employees with the opportunity to participate in the mining industry without uprooting families. This choice may come at some cost, however, as demonstrated by the recent spate of media items concerning the potentially detrimental effects of the FIFO lifestyle on mental health and family relationships. There is much less commentary, on the other hand, regarding what can often be the isolating impacts of living in remote and regional areas. For example, FIFO work arrangements may be a particularly appealing option for those employees who are parents of secondary school aged children and who, under differing work conditions, may feel compelled to either send their children to boarding school or relocate their entire families to major cities where educational opportunities are more plentiful. FIFO also aligns with the contemporary trend for dual-income, dual-professional families, particularly in instances where one partner does not work in a resource industry related field.

Conversely, of those employees who would like to live regionally with their families, many are unable to afford to do so due to housing pressures or because their employer has chosen a “100 per cent FIFO workforce” approach to employment. As a result of factors such as these, remote and regional areas experience a high resident ‘churn factor’, which can impact on the overall stability and fabric of a community.

Evidence of effect on families of FIFO workers

There has been widespread criticism of the negative impacts of FIFO/DIDO on workers and their families in some sections of the community. While the lifestyle undoubtedly has disruptive effects, the extent to which these effects may have a negative impact on individuals and families is unclear. For example, one of the few studies that has been undertaken in Australia that has sought to objectively evaluate stress impacts of the FIFO lifestyle found that while FIFO was disruptive and had negative impacts on employees’ work satisfaction, it did not lead to poor quality relationships, high stress levels or poor health outcomes³.

While there is evidence that lifestyle and infrastructure short-falls play a key role in individual and family decision-making in respect to uptake of FIFO or residential options, further research is required to understand the long-term impacts of these work delivery options. The optimal outcome for families is to be able to have choice in lifestyle and employment options.

Summary

In summary, the effects of FIFO/DIDO workforce practices in regional Australia are complex, context specific and require carefully formulated policy responses. In saying this, there

Key point:

FIFO and residential options offer different lifestyle solutions that appeal to different segments of the population.

³ Clifford, S. (2009) *The Effects of Fly-in/Fly-out Commute Arrangements and Extended Working Hours on the Stress, Lifestyle, Relationship and Health Characteristics of Western Australian Mining Employees and their Partners*. University of Western Australia, School of Anatomy and Human Biology. http://www.uwa.edu.au/__data/assets/pdf_file/0003/405426/FIFO_Report.pdf

are some broad trends that can be asserted.

- The buoyancy of the resources sector in Australia has insulated the Australian economy from the worst effects of a volatile global economy. The policy and planning challenge is to optimise an equitable and sustainable distribution of opportunities arising from resources activity to widely dispersed communities.
- For the foreseeable future FIFO/DIDO will be a permanent feature of the industrial and social landscape of Australia. However, support for a FIFO workforce should not come at the expense of established communities. The infrastructure requirements and business development needs of communities must be taken into consideration and it is important that community members play a role in planning for the future of their towns and regions. This should be done on a regional, rather than community-by-community, basis.
- Careful, inter-sectoral planning and cooperation by whole of government and industry stakeholders is required if we are to avoid adverse regional development outcomes and optimise sustainable development opportunities
- Diversifying FIFO source hubs provides an opportunity for a broader spread of the benefits accruing from working in the resources sector and may mitigate the risk that the resources industry is perceived as the domain of a privileged minority.
- Issues associated with FIFO practices are dynamic, complex and multi-dimensional and the quality and quantity of available data is limited. Any new policy proposals that respond to the increasing use of FIFO workforces, in the resources sector in particular, need to be underpinned by a sound evidence base. This would help ensure that likely intended and unintended consequences are better understood and that a reasonable balance is achieved between the needs and aspirations of workers and their families, industry labour requirements, and the goal of sustainable regional development.